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BILL



ANALYSIS

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Senate Bill 1148 (as introduced 6-29-12)  
Sponsor: Senator Bruce Caswell  
Committee: Finance

Date Completed: 9-12-12

### **CONTENT**

**The bill would amend the plant rehabilitation and industrial development district Act (known as PA 198) to require an industrial facilities exemption certificate to be issued beginning December 31, 2011, and ending December 30, 2024, in a situation where a local government had approved the certificate for personal property in September or October 2011 and the State Tax Commission approved it in May 2012.**

Under the Act, local units of government may approve applications for industrial facilities exemption certificates for new and speculative buildings and replacement facilities located in a plant rehabilitation or industrial development district. An approved application is forwarded to the State Tax Commission, which issues an exemption certificate if the facility conforms with the Act. A certificate essentially grants a property tax abatement to a facility, which then is subject to an industrial facilities tax that is lower than standard property taxes. Subject to a number of exceptions, a certificate may not be granted unless the applicant complies with various criteria, which generally relate to the timing of the construction in relation to the application for a certificate or the establishment of a district.

Under the bill, notwithstanding any other provision of the Act, the State Tax Commission would have to issue an industrial facilities exemption certificate if a local governmental unit in September or October 2011 had passed a resolution approving the certificate for 12 years for personal property but the Commission did not receive the application until November 2011 and approved it in May 2012. The certificate would have to begin on December 31, 2011, and end on December 30, 2024. The facility would have to be taxed under the Act as if it had been granted an exemption certificate on December 31, 2011.

MCL 207.559

Legislative Analyst: Suzanne Lowe

### **FISCAL IMPACT**

The bill would reduce State and local unit revenue and increase School Aid Fund expenditures by an unknown amount. The impact on State revenue would depend on whether 0, 3, or 6 mills of the State Education Tax would be abated under any certificates issued as a result of the bill. Any reduction in local school district operating revenue would be offset by increased expenditures from the School Aid Fund in order to maintain per-pupil funding guarantees.

The magnitude of the impact also would depend upon the characteristics of the properties affected. For a certificate issued for a new facility, the revenue impact would represent an increase in revenue that would not be realized when the construction is completed.

Fiscal Analyst: David Zin

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.